

Q3 2025: Ignoring Trump, but not ignoring Labour¹

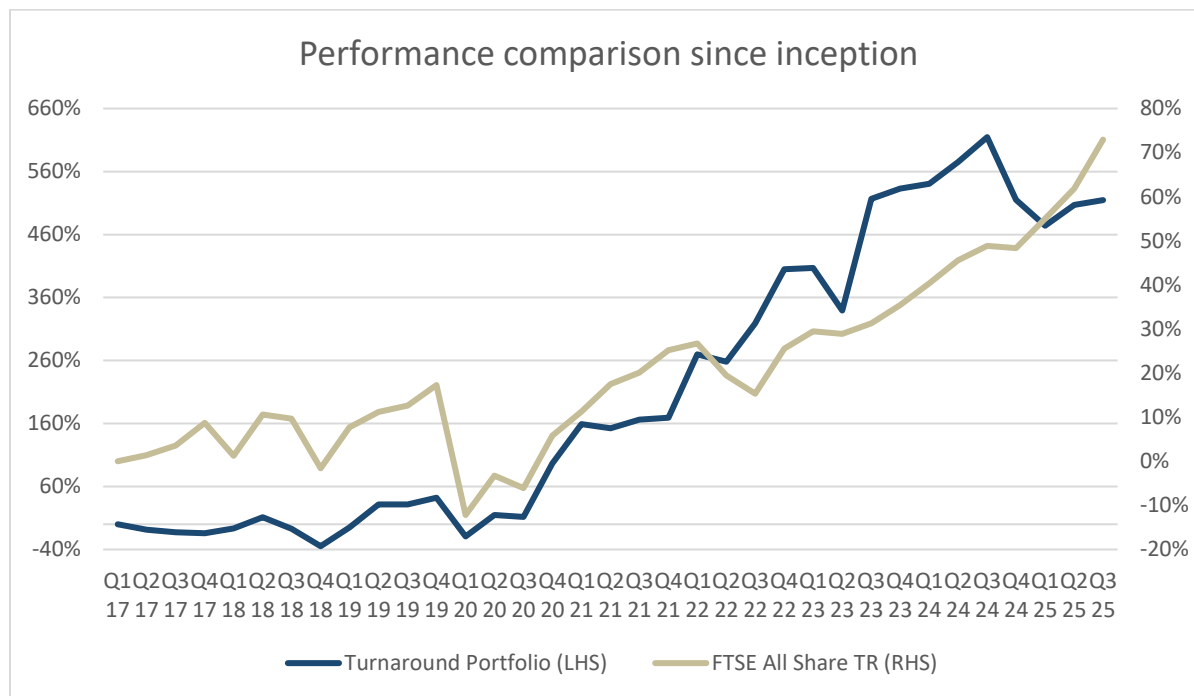
Quarterly Performance	Turnaround Portfolio	FTSE All Share TR
Q1 17	0%	0%
Q2 17	-8%	1%
Q3 17	-5%	2%
Q4 17	-1%	5%
Q1 18	9%	-7%
Q2 18	19%	9%
Q3 18	-16%	-1%
Q4 18	-30%	-10%
Q1 19	45%	9%
Q2 19	39%	3%
Q3 19	0%	1%
Q4 19	8%	4%
Q1 20	-43%	-25%
Q2 20	42%	10%
Q3 20	-3%	-3%
Q4 20	76%	13%
Q1 21	32%	5%
Q2 21	-3%	6%
Q3 21	5%	2%
Q4 21	1%	4%
Q1 22	37%	1%
Q2 22	-3%	-6%
Q3 22	17%	-3%
Q4 22	20%	9%
Q1 23	0%	3%
Q2 23	-13%	0%
Q3 23	40%	2%
Q4 23	3%	3%
Q1 24	1%	4%
Q2 24	5%	4%
Q3 24	6%	2%
Q4 24	-14%	0%
Q1 25	-7%	5%
Q2 25	6%	4%
Q3 25	1%	7%

Annual Performance	Turnaround Portfolio	FTSE All Share TR
2017	-9%	9%
2018	-31%	-9%
2019	113%	19%
2020	52%	-10%
2021	37%	18%
2022	99%	0%
2023	26%	8%
2024	-1%	10%
9M 2025	-1%	17%

Overall Performance	Turnaround Portfolio	FTSE All Share TR
CAGR	23.1%	6.5%
2017-9M 25 Return	515%	73%

For professional clients - Past performance is not a guide to future performance

¹ all assumptions and observations are based on internal modelling and data analysis



For professional clients - Past performance is not a guide to future performance

20th October 2025

Dear Reader,

If I were employed as a portfolio manager by anybody apart from myself, I'd probably be fired by now. Luckily, that's not the case, and I'm still in business despite significantly underperforming three out of the last four quarters. There is no doubt that the last 12 months have been extremely difficult for me to generate returns. There are multiple reasons for that, which I'll go in more detail further down below. Marketing and compliance have definitely taken too much time from me. This might have contributed to having a less clear macro view, but I'd view this as purely transitory. I've also missed investing in the three big themes this year: Defense, Banks & Gold. The valuations in defense, in my view, are never quite attractive based on multiples and given the UK government struggles with finances, its vague increase in defense spending by 2030² and the US government keeping defense spending relatively flat³, as well as believing Trump in solving the Ukraine war, I've missed out on the defense revaluation. The UK banking

² <https://commonslibrary.parliament.uk/research-briefings/cbp-8175/>

³

https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2025/FY2025_Budget_Request_Overview_Book.pdf p. 9

sector was predominantly influenced by the car financing scandal⁴, which I analysed correctly, yet the market reacted differently to my expectations⁵. Finally, on gold, I've struggled to find attractive valuations in viable gold miners in the UK, as many have questionable jurisdictions and management, a short-life asset dependent on exploration success (Thor Explorations⁶, Serabi Gold), or short-term permits and mines in the Amazon forest (Serabi Gold⁷). In early May, I took a small position in Altyngold, as they had a long-life asset⁸ in a decent jurisdiction (Kazakhstan)⁹. However, I sold it quickly, as I couldn't get comfortable investing in a firm where the CEO is the son of the Chairman, the company is owned 65% by the same family¹⁰, no CFO until recently¹¹, no broker coverage and a historic dispute on misappropriation of funds¹². This all made it very difficult for me to align the macro with attractive valuations of companies. The UK value opportunities I then decided to invest in often turned into value traps or surprising risks emerged right after I entered the position. In short, it would have been best to "ignore Trump, but not ignore Labour". But I'm not so sure whether this is the right thing to do in the months ahead...

Let me first turn to a brief operational update. Isabel Kelly, founder of Profit with Purpose and advisor and NED of multiple companies, joined as an advisor earlier this year and together we have created an impact programme to which I would commit 5% of the 20% performance fee (1% of the total performance) for good causes. Salesforce's founder, Marc Benioff, has created the idea of spending 1% of time, resources and profits on good causes, and his model has really resonated with me – it can be a phenomenal feedback loop (Isabel Kelly used to manage Salesforce's impact programme). The slide deck can be found [here](#). In addition, the Rt Hon Shailesh Vara, Conservatives MP for over 19 years, is also providing me with some political advice on an ad-hoc basis, which has been very helpful during this politically turbulent period. His know-how of how the government in the UK works is of very high value to me. I'm very lucky to have Isabel and Shailesh supporting me.

⁴ <https://www.fca.org.uk/consumers/car-finance-complaints>

⁵ <https://x.com/AozoraStep/status/1952002777938334064>,
<https://x.com/AozoraStep/status/1975813505157898490>

⁶ https://thorexpl.com/site/assets/files/2883/factsheet_july_2025.pdf

⁷ <https://www.londonstockexchange.com/news-article/SRB/trial-mining-license-at-coringa-renewed-for-a-further-three-years/16311005>

⁸ <https://altyngold.uk/wp-content/uploads/2025/04/177520-Altyn-Report-Accounts-AS-PRINTED.pdf> p. 2

⁹ <https://altyngold.uk/about/>

¹⁰ <https://altyngold.uk/investor-relations/>

¹¹ <https://www.londonstockexchange.com/news-article/ALTN/directorate-change/17248032>

¹² <https://eurasianet.org/bitter-row-knocks-sheen-off-kazakh-gold-company>

As usual, first I'll discuss a few macro topics (more than usual) before diving into the performance. If you only care about the performance, you may want to skip the macro part. This quarterly note is also longer than usual and perhaps a bit "dry" to read. I thought it is quite important, however, to identify what really went wrong and what the last quarter of the year could deliver.

The UK housing market might not recover so quickly

As early as November 2024, I was seeking to anticipate a recovery in the UK housing market amidst the rapid decline in valuation of Vistry Plc. This backfired, as housing starts continued to decline. The decline in housing starts has been the most rapid and drastic since the Global Financial Crisis (GFC) with an over 50% reduction in just one year as per charts below¹³. Whilst there was nearly a 60% reduction in housing starts during the GFC, this happened over 1.5 years. Therefore, when making investment decisions in the UK housebuilding sector, I believe it is best to compare the current period with that of the post-GFC world. And during this period of 2008-2012, it took until 2012 for the housebuilding sector to recover, when the government introduced the help-to-buy scheme and launched it from April 2013¹⁴. As per table below, although the unemployment/vacancy rate was more than double than the current rate, interest rates were a lot lower, the social housing waiting list a lot higher and taxes, such as stamp duty, a lot lower back in 2010. On top of that, the housebuilders have to refurbish their entire estate to remediate for fire risks¹⁵ as a result of the Grenfell Tower and are having to install solar panels on most new builds¹⁶, whilst the housing associations are having to improve the energy efficiency ratings of their existing estate¹⁷. This is all incredibly costly. **I believe, as long as the housing market in the UK is weak, the UK economy will struggle to recover.**

¹³ <https://www.gov.uk/government/statistics/housing-supply-indicators-of-new-supply-england-april-to-june-2025>

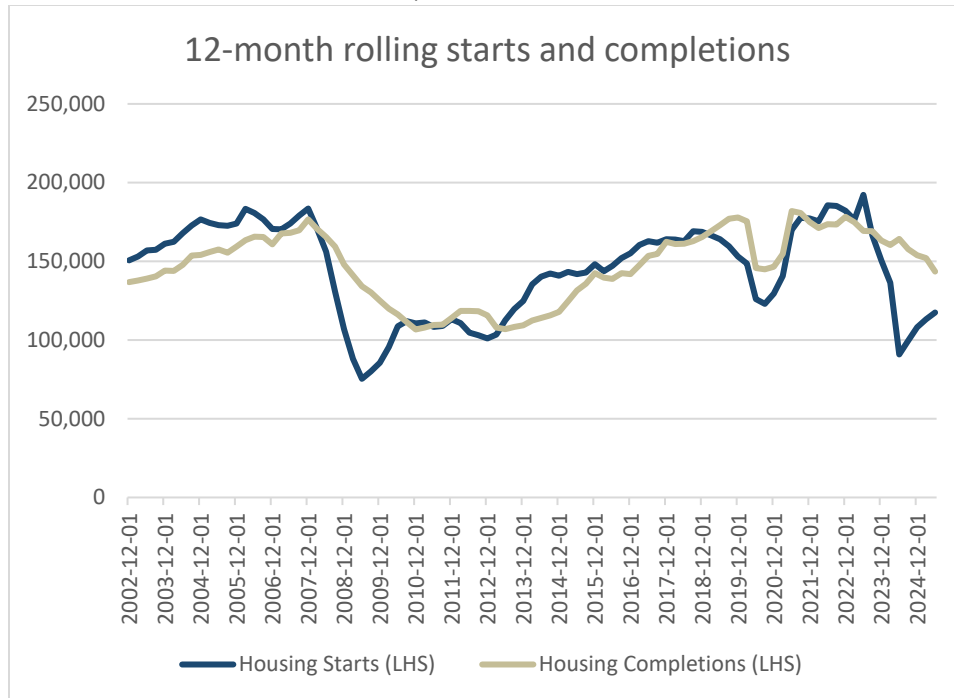
¹⁴

https://assets.publishing.service.gov.uk/media/5fbfb840d3bf7f572b163fbd/Help_to_Buy_Equity_Loan_2020_Q2_.pdf

¹⁵ <https://www.gov.uk/government/publications/developer-remediation-contract>

¹⁶ <https://www.gov.uk/government/news/rooftop-solar-for-new-builds-to-save-people-money>

¹⁷ <https://www.gov.uk/government/consultations/improving-the-energy-efficiency-of-socially-rented-homes-in-england/improving-the-energy-efficiency-of-socially-rented-homes-in-england>



Source: <https://www.gov.uk/government/statistics/housing-supply-indicators-of-new-supply-england-april-to-june-2025>

UK Housing Market: 2010 vs. 2025 key variables

Parameter	2010	2025
Social housing waiting list (million people)	1.75m	1.33m
2yr Gilt yield	0.75%	4%
Affordable home completions	61k	~<60k
Unemployed/vacancy	5.4	2.3

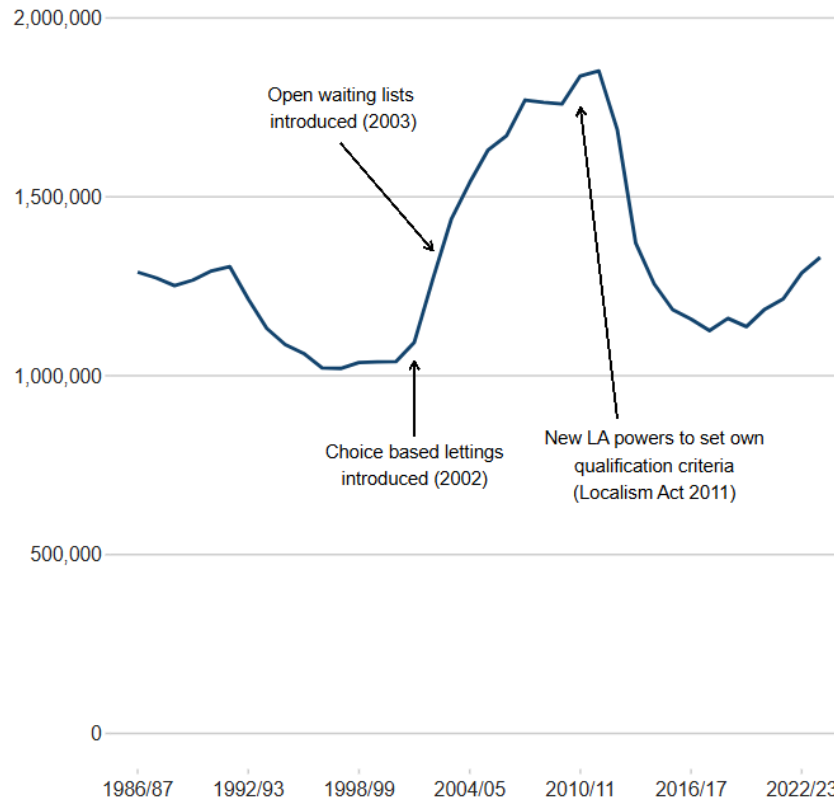
Source: <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2023-to-march-2024/social-housing-lettings-in-england-tenants-april-2023-to-march-2024>, TradingView 2yr Gilt yield, <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2023-to-2024/affordable-housing-supply-in-england-2023-to-2024>, <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/vacanciesandunemploymentvacs01>

UK stamp duty: 2010 vs. 2025

2010/11		2025/26	
Property Price	SDLT Rate	Property Price	SDLT Rate
Up to £125,000	0%	Up to £250,000	0%
From £125,001 to £250,000	1%	From £125,001 to £250,000	2%
From £250,001 to £500,000	3%	From £250,001 to £925,000	5%
Over £500,000	4%	From £925,001 to £1,500,000	10%
		Over £1,500,000	12%

Source: <https://www.stampdutyrates.co.uk/historic-rates.html>, <https://www.bbc.co.uk/news/business-53319433>

As of 31st March 2024, around 1.33m people are on waiting lists for affordable housing



Source: <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2023-to-march-2024/social-housing-lettings-in-england-tenants-april-2023-to-march-2024>

Can affordable homes save the UK housing market?

The Labour government has made a big deal about the £39bn social and affordable housing programme starting from FY 2026¹⁸. However, comparing the details with that of the prior cycle, it becomes clear that the actual number of houses built will be fairly similar to that of the prior programme (300k over 10 years¹⁹ vs. 162k over 5 years²⁰). In reality, the prior £11.5bn programme over 5 years was topped up to £12.3bn and only delivered 117,800 to 137,800 homes including the top up²¹. Therefore, one can expect the total number of affordable homes being built to remain roughly around 60-65k a year as in recent years²², which compares 90-192k houses being built in total a year²³. The 370k houses per year to achieve the 1.5m homes built in the current parliament²⁴ therefore appears impossible to achieve without a major boost in demand, which, given history and the example of the help-to-buy scheme, will likely not happen, as we have high interest rates at 4% for 2yr Gilts²⁵, potential council tax changes, which could affect London homes²⁶, and the higher stamp duties, as mentioned above. This leaves me with a negative outlook for UK housing and no turnaround in sight, yet. I believe that the 2008-13 period could be a good example of how the UK housing market will perform over the next few years, with 2011 = 2026 and an eventual abolishment of the stamp duty could be announced in 2027 (my bet would be that Labour will copy Conservatives' policy²⁷, as a potentially deflationary environment gives the Treasury room to expand spending). This would have a similar effect on demand as the help-to-buy scheme launched in 2013²⁸. **I do not believe that housing stocks have much downside from here, perhaps even some upside with lower interest rates, but ultimately the London housing market needs support through a reduction in stamp duties or other stimulative policies.**

¹⁸ <https://www.gov.uk/government/news/hundreds-of-thousands-to-get-secure-roof-over-their-heads>

¹⁹ <https://www.gov.uk/government/publications/delivering-a-decade-of-renewal-for-social-and-affordable-housing/delivering-a-decade-of-renewal-for-social-and-affordable-housing>

²⁰

https://assets.publishing.service.gov.uk/media/62ece7a98fa8f503349631dd/Scoping_Report_for_the_Evaluation_of_the_Affordable_Homes_Programme_2021-26_FINAL.pdf

²¹ <https://committees.parliament.uk/publications/48048/documents/251258/default/> p. 17

²² <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2023-to-2024/affordable-housing-supply-in-england-2023-to-2024>

²³ <https://www.gov.uk/government/statistics/housing-supply-indicators-of-new-supply-england-april-to-june-2025>

²⁴ <https://www.gov.uk/government/news/housing-secretary-issues-call-to-arms-to-build-baby-build>

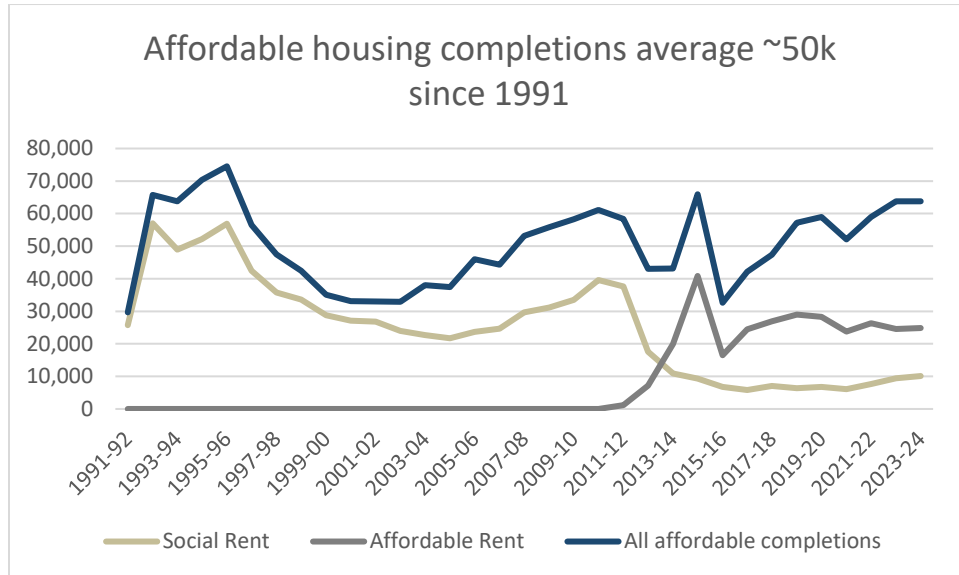
²⁵ TradingView as of 8th October 2025 (ticker "GB02Y")

<https://www.tradingview.com/chart/mneeVvkK/?symbol=TVC%3AGB02Y>

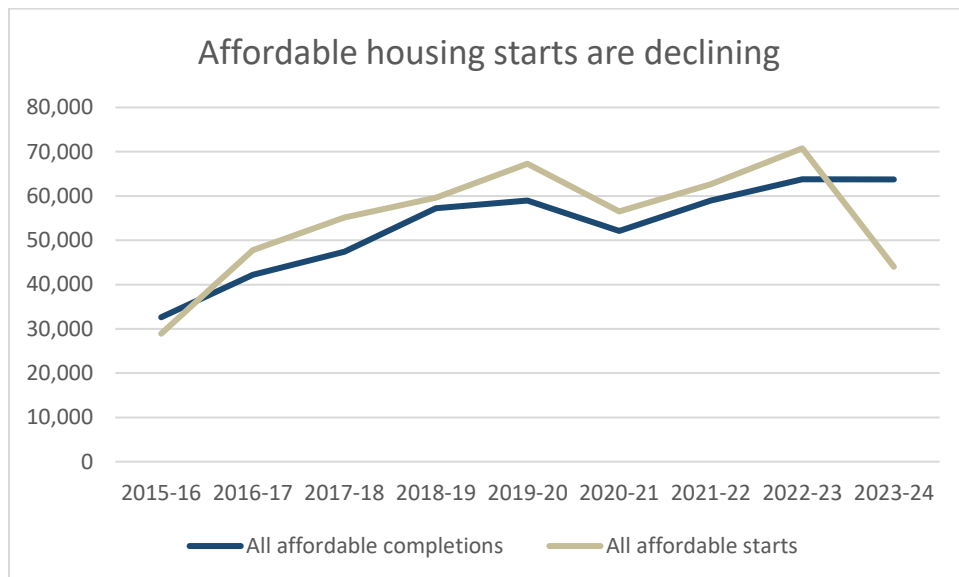
²⁶ <https://www.gov.uk/government/news/council-tax-shake-up-to-deliver-fairer-billing-and-support>

²⁷ <https://www.conservatives.com/news/kemi-badenoch-closes-conference>

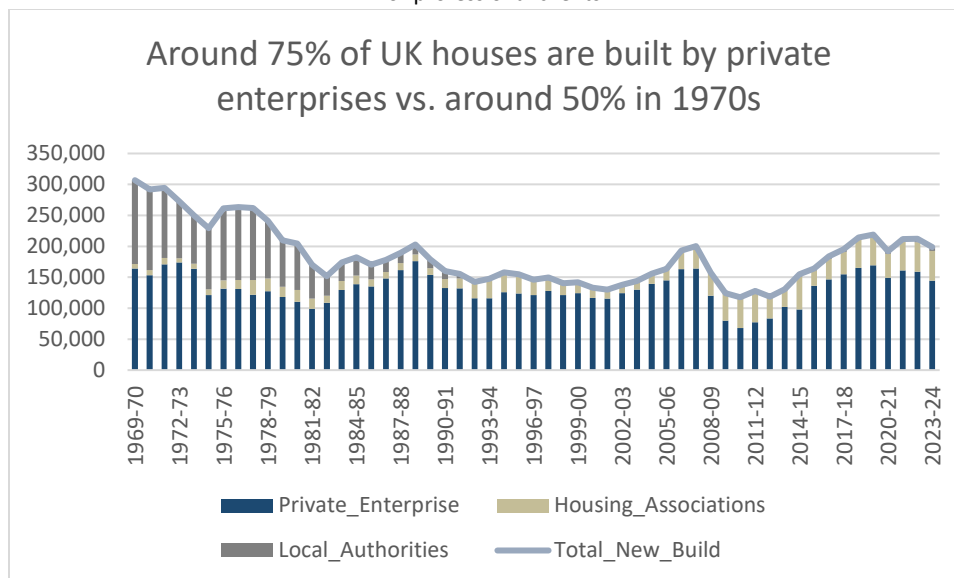
²⁸ <https://www.gov.uk/government/news/4-5-billion-budget-deal-to-help-homebuyers-and-boost-economy>



Source: <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2023-to-2024/affordable-housing-supply-in-england-2023-to-2024>



Source: <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2023-to-2024/affordable-housing-supply-in-england-2023-to-2024>



Source: <https://www.gov.uk/government/statistics/housing-supply-indicators-of-new-supply-england-april-to-june-2025>

Oil & Inflation

With OPEC ramping up production by over 2m barrels of oil per day (b/d) this year so far²⁹, Guyana's oil production is planned to be increased by 200k b/d towards 900k b/d³⁰, and shale oil production remaining stable (slightly climbing the last two months)³¹, the IEA now estimates global oil supply to rise by 3m b/d in 2025 and expects a surplus of over 4m b/d in 2026³². This compares to 750k b/d oil demand rise in 3Q25 compared to last year³³. Global crude oil in transit, i.e. in tankers on water, has recently reached a new record high, exceeding the Covid lockdown record³⁴, indicating that further oil price declines might be on its way. On top of this, Iran recently switched on their AIS transponders, making their shadow tanking fleet appear on radar³⁵ - there remains a lot of speculation as to why this is happening, with one analyst stating it saves Iran costs and making it appear legitimate. **Overall, the increasing oil supply and as a result the lower oil price is highly deflationary, and if maintained, could result in some additional tailwinds for lower inflation, lower interest rates. I believe the EU will continue to buy Russian crude oil**

²⁹ <https://www.eia.gov/outlooks/steo/outlook.php>

³⁰ <https://www.oedigital.com/news/531074-exxonmobil-consortium-s-oil-output-marks-rise-in-guyana>,
<https://www.eia.gov/todayinenergy/detail.php?id=62103>

³¹ <https://www.eia.gov/petroleum/supply/weekly/> US petroleum balance sheet excel tab 2

³² <https://www.reuters.com/business/energy/iea-raises-2025-oil-supply-forecast-after-opec-output-hike-decision-2025-10-14/>

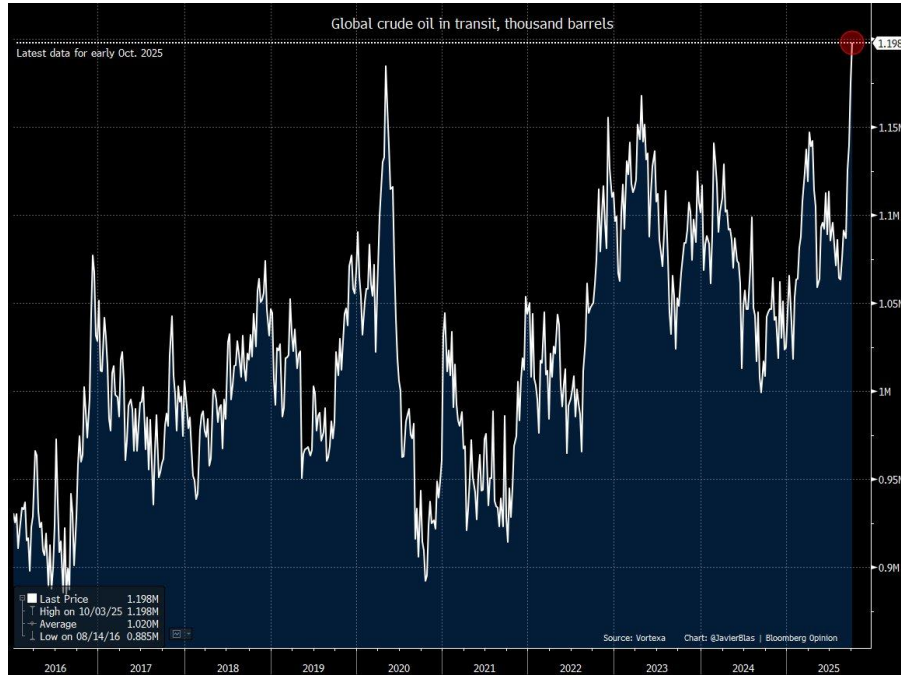
³³ <https://www.iea.org/reports/oil-market-report-october-2025>

³⁴ <https://x.com/JavierBlas/status/1975170512775975117/photo/1>

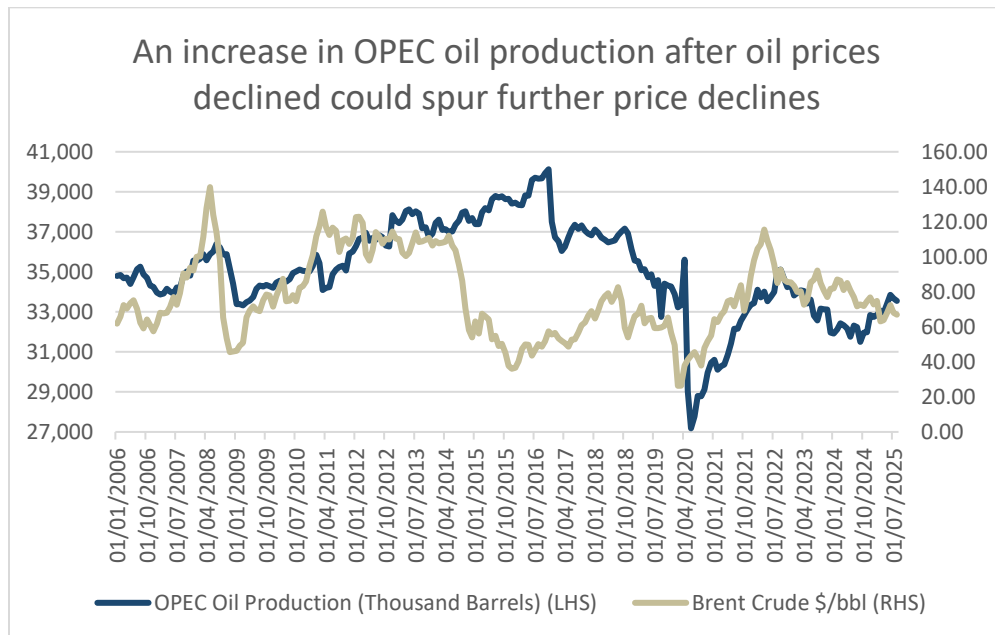
³⁵ <https://maritime-executive.com/article/after-years-in-the-dark-iran-s-tankers-switch-ais-transponders-back-on>

and products through backdoors like Türkiye (less so from India) and slowly reduce these purchases over time.

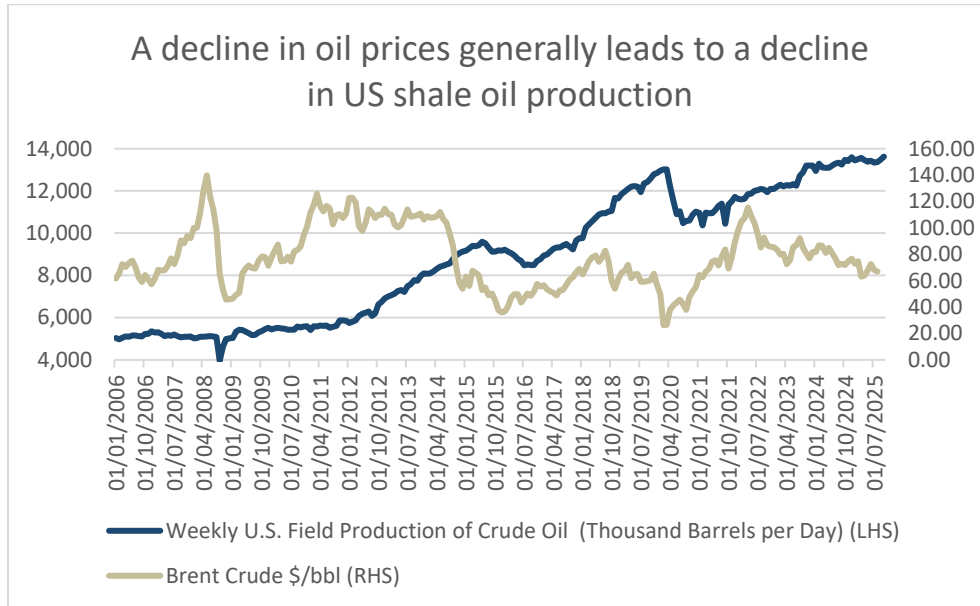
Global crude oil in transit



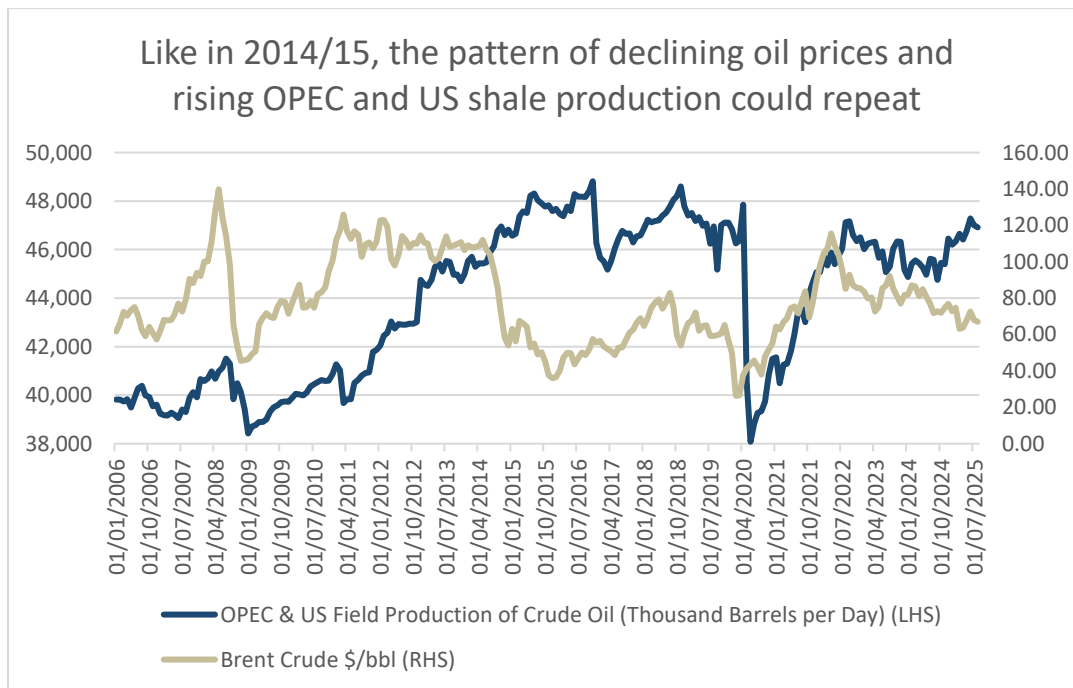
Source: <https://x.com/JavierBlas/status/1975170512775975117/photo/1>



Source: <https://www.eia.gov/outlooks/steo/outlook.php>, Investing.com (Brent crude price)



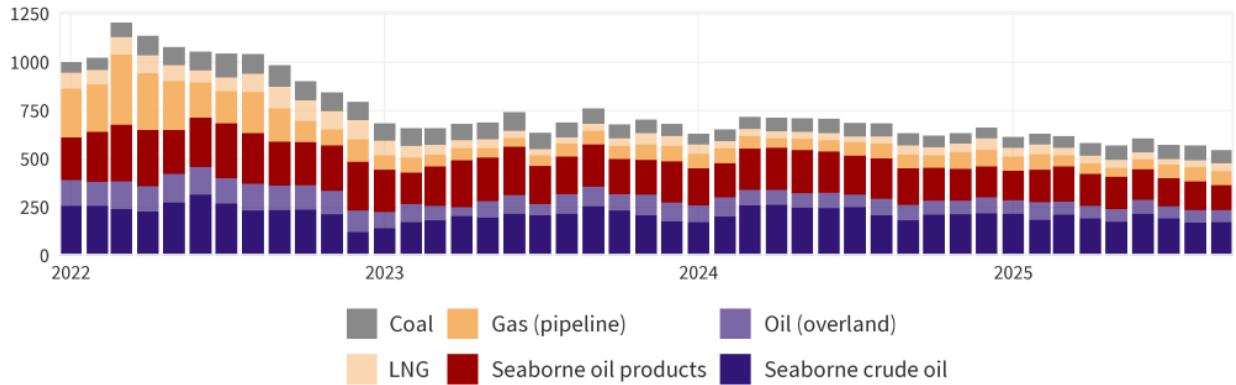
Source: <https://www.eia.gov/petroleum/supply/weekly/> US Petroleum Balance excel tab 2, Investing.com (Brent crude price)



Source: <https://www.eia.gov/petroleum/supply/weekly/> US Petroleum Balance excel tab 2,
<https://www.eia.gov/outlooks/steo/outlook.php>, Investing.com (Brent crude price)

Russia's fossil fuel export revenue

Million EUR per day



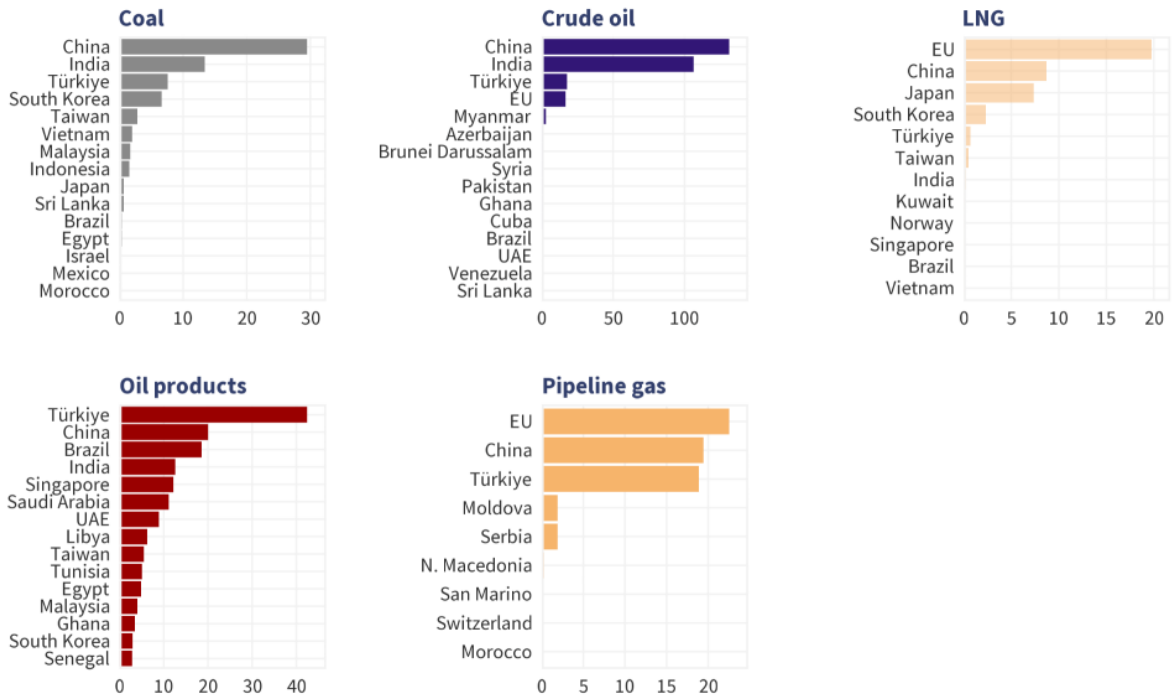
Source: CREA analysis based on Kpler, Marine Traffic, ENTSOG and customs data.



Source: <https://energyandcleanair.org/september-2025-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/>

Who bought Russia's fossil fuels after EU bans

Shipments arriving since EU oil bans until end of September 2025



Source: CREA analysis based on Kpler, Marine Traffic, ENTSOG and customs data.



Source: <https://energyandcleanair.org/september-2025-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/>

Tariffs have no history of causing inflation

The most recent IMF World Economic Outlook suggests that tariffs so far have led to price hikes in some categories but not in all import articles³⁶, with Japanese cars or furniture seeing deflation. Whilst furniture tariffs have only started to take effect in October³⁷, I view the likely reason of Japanese cars facing a decline in prices is competition, with Toyota and Honda both taking a profit hit³⁸. Around half of US vehicles sold are manufactured domestically³⁹, which I believe is why tariffs on products with domestic production are not leading to an increase in inflation, but products with no or low domestic production, such as furniture or clothes, will face some inflation⁴⁰. Overall, there is no historic data out there that suggests tariffs are inflationary other than one-off product specific, and the price moves in oil remind me of that in 2018, which turned out to be a highly deflationary period. **I believe Trump will continue to manage tariffs carefully by not letting inflation or the economy get out of control and inflation expectations will prove to be too high.**

³⁶ <https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025> full report p. 25/26

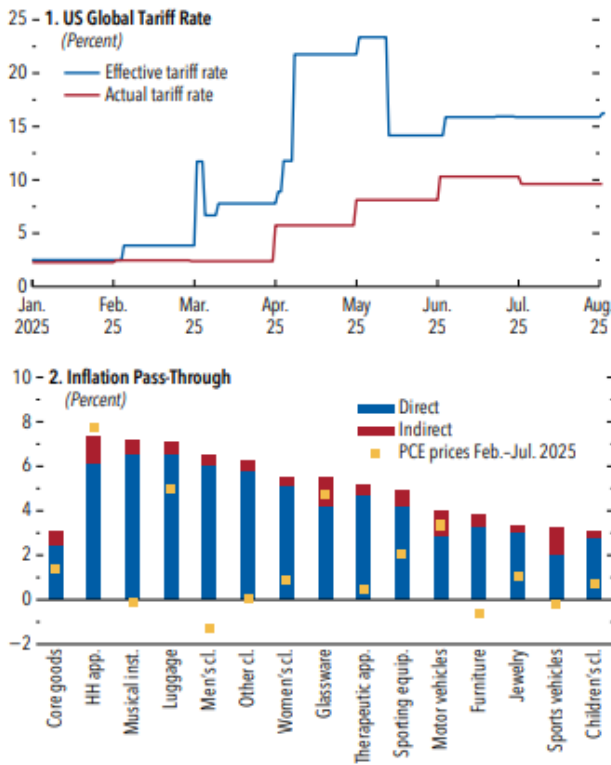
³⁷ <https://www.dezeen.com/2025/10/15/furniture-lumber-trump-tariffs-effective/>

³⁸ <https://www.theguardian.com/business/2025/aug/07/toyota-cuts-profit-forecast-trump-tariffs>

³⁹ <https://www.statista.com/chart/34204/domestic-production-and-sales-of-light-vehicles>

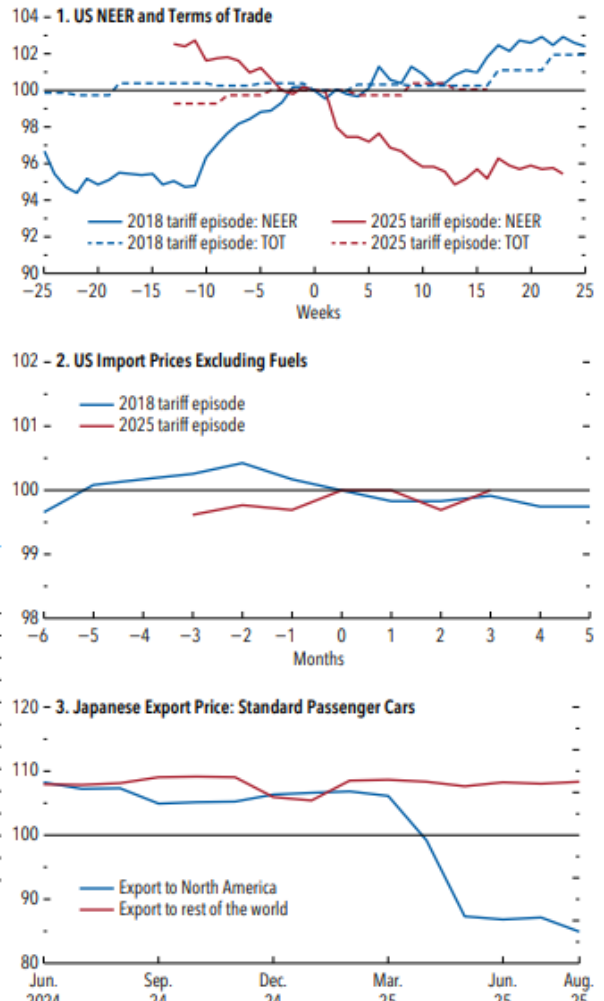
⁴⁰ <https://www.aljazeera.com/news/longform/2025/4/30/trumps-tariffs-how-much-of-a-typical-us-household-is-made-in-america>

Figure 1.7. Impact of Tariffs on Prices



Sources: Haver Analytics; US International Trade Commission; WTO-IMF Tariff Tracker; and IMF staff calculations.

Figure 1.8. Tariffs, US Dollar, and Prices (Index)



Sources: Bank of Japan; Federal Reserve Board; US Bureau of Labor Statistics; and IMF staff calculations.

Source: <https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025> full report

The AI infrastructure build out

When it comes to the AI infrastructure build-out, the US is by far the leading nation, with China a distant 2nd having around 1/7th of the total data centre floor space and around 1/3 lower power use⁴¹. This lead is expected to climb considering the planned data centres currently in development (sources in table below, China data not transparent). McKinsey estimates that data centers require around \$7trn in capital expenditures by 2030⁴². Overall, it appears like most of this capital outlay will be coming from the US as per below. However, as voices are being raised about a possible AI bubble⁴³, there are some projects that appear less certain to actually be finalized. Some of the recent Global Tech deals, such as the one between Meta and Blue Owl⁴⁴, show that Big Tech is reducing its capital expenditure profile by partnering with other firms. Some independent data center builders like Fermi America and Tract have massive plans, and I believe these are the ones to watch out for, as they ultimately compete against Big Tech (i.e. the magnificent 7). **My view is that the current AI data center buildout plans might be scaled down in the years ahead, as investors will potentially question the return on investment. The US is best placed to win the AI race, not the least due to their energy independence.**

Top 5 countries by total floor space of data centres

Country	Total data centres	Hyperscale data centres	Collection data centres	Floor space sqft total	Power capacity MW total	Renewable energy usage %
United States	5,426	300+	~2,000+	~3,552,000,000	~12,000+	~27%
China	449 (?)	100	~1,000+	~500,000,000	~8,000+	25%
Germany	529	50	~200	~350,000,000	~2,000+	40%+
United Kingdom	523	30	~150	~200,000,000	~1,000+	45%
France	322	20	~110	~120,000,000	~700	40%+

Source: <https://www.kaggle.com/datasets/rockyt07/data-center-dataset?select=Book1+%281%29.csv>

⁴¹ <https://www.kaggle.com/datasets/rockyt07/data-center-dataset?select=Book1+%281%29.csv>

⁴² <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-cost-of-compute-a-7-trillion-dollar-race-to-scale-data-centers>

⁴³ <https://www.reuters.com/technology/ai-bubble-isnt-near-peak-its-only-base-camp-2025-10-22/>

⁴⁴ <https://investor.atmeta.com/investor-news/press-release-details/2025/Meta-Announces-Joint-Venture-with-Funds-Managed-by-Blue-Owl-Capital-to-Develop-Hyperion-Data-Center/default.aspx>

The world's largest data centers currently in operation

Rank	Name / Operator	Country	Location	Approx. Size (sq ft)	Power (MW)	Power Type
1	China Telecom – Inner Mongolia Information Park	China	Hohhot, Inner Mongolia	≈ 10.7 million	~150	Grid mix + renewables
2	Switch – Citadel / Tahoe Reno Campus	USA	Reno, Nevada	≈ 7.7 million (full buildout)	Up to 600 +	100 % renewable (PPA)
3	Switch – Core Campus / SuperNAP	USA	Las Vegas, NV	≈ 2 million +	Up to 315	100 % renewable
4	Vantage (ex-NGD) CWL1	UK	Newport / Cardiff	≈ 1.5–2 million	~150 +	100 % renewable
5	Apple – Mesa Data Center	USA	Mesa, AZ	≈ 1.3 million	n/a	On-site solar + renewables
6	Switch – Tahoe Reno 1 (single building)	USA	Reno, NV	≈ 1.3 million	~130	100 % renewable
7	Lakeside Technology Center (Digital Realty)	USA	Chicago, IL	≈ 1.1 million	~100	Grid mix
8	NSA Utah Data Center (Bumblehive)	USA	Bluffdale, UT	≈ 1.0 million	~65	Grid mix
9	CoreSite Reston VA3	USA	Reston, VA	≈ 940 k	multi-tens MW	Grid mix
10	QTS Atlanta Metro	USA	Atlanta, GA	≈ 970 k	multi-hundreds MW	Grid mix

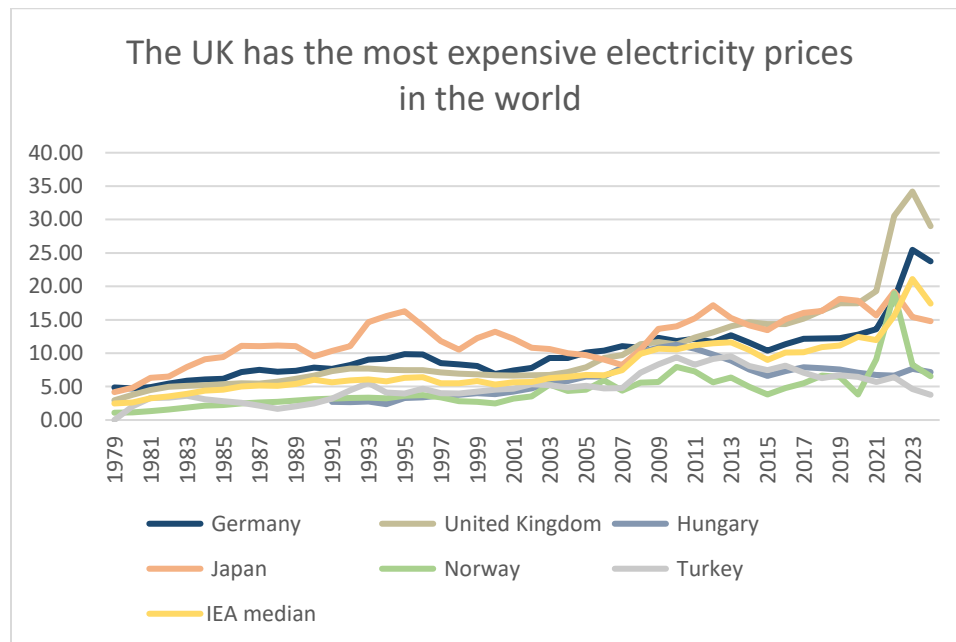
Source: <https://datacentremagazine.com/top10/top-10-biggest-data-centres>, <https://www.webopedia.com/technology/10-biggest-data-centers-in-the-world>

The world's largest data centers currently planned

Rank	Project / Operator	Country	Location	Approx. Size (sq ft / acres)	Planned Power	Power Type	Expected Completion Year	Price
1	Open AI Stargate	USA	Texas, New Mexico, Ohio	~50 million sq ft	7-10 GW	Grid + natural gas, renewables, nuclear	2024-2029	\$4-500bn
2	Fermi America HyperGrid (Amarillo)	USA	Amarillo, Texas	~18 million sq ft	Up to 11 GW	Grid + natural gas, renewables, nuclear	2026-2032	\$300bn
3	Tract Datacenters	USA	Texas, Arizona, Nevada, Virginia, Utah, Iowa	25,000 acres	15.5-25 GW	Grid + renewables	2024-2029	?
4	CoreWeave – Project Horizon (Permian Basin)	USA	West Texas	~560 acres	~2 GW	On-site gas generation	2027	\$16bn
5	Meta Platforms – Hyperion	USA	Louisiana	240 acres	2 GW	Combined-cycle gas plant	?	\$27bn
6	NEOM Oxagon AI Hub (DataVolt)	Saudi Arabia	NEOM / Oxagon	?	1.5 GW	Wind + solar + hydrogen	2028	\$5bn
7	Start Campus – SINES DC	Portugal	Sines	?	1.2 GW	100% renewable	2024-2030	\$9.4bn
8	Amazon / AWS Pennsylvania Campus (Susquehanna)	USA	Pennsylvania	~6 million sq ft (estimate)	>960 MW	Nuclear + grid	?	\$20bn
9	Google West Memphis AI Campus	USA	West Memphis, Arkansas	>900,000 sq ft (580-1,200 acres)	>600 MW	Solar + battery + grid	2027	\$1-10bn
10	China Telecom – Inner Mongolia Expansion	China	Hohhot / Horinger	~10.7 million sq ft	>150 MW	Grid mix + renewables	?	\$3bn

Source: <https://openai.com/index/five-new-stargate-sites/>, <https://www.datacenterfrontier.com/machine-learning/article/55319132/scaling-stargate-openais-five-new-us-data-centers-push-toward-10-gw-ai-infrastructure>, <https://intuitionlabs.ai/articles/openai-stargate-datacenter-details>, <https://www.datacenterdynamics.com/en/news/fermi-makes-stock-market-debut-valued-at-almost-15bn/>, <https://www.datacenterdynamics.com/en/news/fermi-america-acquires-600mw-of-gas-turbines-for-11gw-ai-mega-campus-in-amarillo-texas/>, <https://eu.amarillo.com/story/news/2025/07/10/fermi-300b-ai-campus-brings-jobs-clean-energy-to-amarillo/84509082007/>, <https://www.datacenterfrontier.com/site-selection/article/55308975/scaling-up-tracts-master-planned-land-and-infrastructure-approach-to-data-center-development>, <https://azbigmedia.com/real-estate/2069-acre-parcel-will-become-a20-billion-data-center-park-in-buckeye/>, <https://www.tract.com/projects/>, <https://www.datacenterdynamics.com/en/news/ai-startup-poolside-teams-up-with-coreweave-on-2gw-data-center-in-texas/>, <https://aibusiness.com/data-centers/coreweave-poolside-strike-ai-infrastructure-deal>, <https://investor.atmeta.com/investor-news/press-release-details/2025/Meta-Announces-Joint-Venture-with-Funds-Managed-by-Blue-Owl-Capital-to-Develop-Hyperion-Data-Center/default.aspx>, <https://www.distilled.earth/p/these-data-centers-are-getting-really>, <https://intuitionlabs.ai/articles/openai-stargate-datacenter-details>, <https://www.neom.com/en->

[us/newsroom/datavolt-signs-agreement-with-neom](https://www.us/newsroom/datavolt-signs-agreement-with-neom), <https://www.startcampus.pt/>, <https://www.jacobs.com/projects/sines-dc-start-campus>, <https://www.aboutamazon.com/news/aws/amazon-pennsylvania-investment-cloud-infrastructure-ai-innovation>, <https://www.datacenterdynamics.com/en/news/aws-acquires-talens-nuclear-data-center-campus-in-pennsylvania/>, <https://esgnews.com/googles-new-10-billion-ai-data-center-campus-set-to-redefine-arkansas/>, <https://www.datacenterdynamics.com/en/news/google-confirmed-to-be-behind-west-memphis-data-center-project-in-arkansas/>, <https://www.facebook.com/MemphisDNA/posts/keepingdowntowninformed-dnamemphisorg-google-breaks-ground-on-historic-4-billion/1236344861873252/>, <https://gbc-engineers.com/news/largest-data-center-in-the-world>



Source: <https://www.gov.uk/government/statistical-data-sets/international-domestic-energy-prices>

Rare Earths & War

The numbers of rare earths are grim: China accounts for 60% of global mine production, 90% of processed and permanent magnet output⁴⁵ and 92% of total processing capacity⁴⁶. 70% of US imports of rare earth compounds and metals came from China between 2020 and 2023⁴⁷. China first banned exports of rare earths in 2010 in a fishing trawler dispute with Japan, and between 2023 and 2025, China began imposing export restrictions of strategic minerals to the U.S., including gallium, germanium, antimony, graphite,

⁴⁵ <https://www.reuters.com/markets/commodities/what-are-rare-earth-metals-why-are-they-demand-2025-02-26/>

⁴⁶ <https://www.iea.org/reports/global-critical-minerals-outlook-2024/outlook-for-key-minerals>

⁴⁷ <https://pubs.usgs.gov/periodicals/mcs2025/mcs2025.pdf> p. 148

tungsten and rare earths⁴⁸. Only 5 of the 17 rare earths currently face no exports restrictions in China⁴⁹. The five most important rare earths are Dysprosium (only mined in China), Europium, Neodymium, Terbium and Yttrium due to their attributes and powers⁵⁰. Furthermore, 35% of all rare earths volume is from permanent magnets, yet 91% of all rare earths value is from permanent magnets⁵¹. The strongest magnets are made of Neodymium⁵², which is one of the few rare earths not facing export restrictions out of China, yet⁵³, and which is required for Tomahawk missiles⁵⁴, but is also inside mobile phones⁵⁵. Restricting Neodymium exports could hence prove difficult and perhaps, I think, be a nuclear bomb for the world economy. Rare earths could therefore, I believe, be a crucial factor in determining the winner of the Russia-Ukraine war... If Trump decides to send Ukraine Tomahawk missiles, it will likely happen in parallel with Germany sending their Taurus missiles⁵⁶. Around 150-300 Taurus missiles are quickly deployable⁵⁷, and the current stock of US Tomahawk missiles is estimated to be around 4,150⁵⁸, with Trump indicating to supply 2,000 of them⁵⁹ (although the New American Security think tank believes the US could only supply 20-50 Tomahawks⁶⁰) vs. having launched around 2,300 Tomahawks over the last four decades⁶¹. **I believe, 1. the rare earths export controls by China are the biggest threat to the global economy. 2. As we deglobalize, China will be hurt, and in a one-party, one-leader system, this leader will ensure not to lose at all costs. 3. If no deal between the US and China is struck in South Korea, a final restriction of the remaining five rare earth minerals could come early next year and could mark a “Covid lockdown” equivalent market shock.**

⁴⁸ <https://www.csis.org/analysis/consequences-chinas-new-rare-earths-export-restrictions>

⁴⁹ <https://www.argusmedia.com/metals-platform/newsandanalysis/article/2675124-China-imposes-export-controls-on-rare-earths--update>

⁵⁰ <https://www.mining.com/the-only-five-rare-earth-elements-that-matter/>

⁵¹ <https://www.youtube.com/watch?v=vq4eRtwFjlc> minute 4:50

⁵² <https://www.sfa-oxford.com/knowledge-and-insights/critical-minerals-in-low-carbon-and-future-technologies/critical-minerals-in-defence-and-national-security/>

⁵³ <https://www.argusmedia.com/metals-platform/newsandanalysis/article/2675124-China-imposes-export-controls-on-rare-earths--update>

⁵⁴ <https://www.sfa-oxford.com/knowledge-and-insights/critical-minerals-in-low-carbon-and-future-technologies/critical-minerals-in-defence-and-national-security/>

⁵⁵ <https://www.prontodirect.co.uk/articles/can-neodymium-magnets-damage-cell-phones>

⁵⁶ <https://www.armyrecognition.com/focus-analysis-conflicts/army/conflicts-in-the-world/russia-ukraine-war-2022/u-s-presses-germany-to-transfer-taurus-missiles-to-ukraine-while-weighting-tomahawk-option>

⁵⁷ <https://www.dw.com/en/why-ukraine-wants-germanys-taurus-missiles-explained/a-66505534>

⁵⁸ <https://economictimes.indiatimes.com/news/international/us/us-can-spare-only-limited-tomahawk-missiles-likely-no-major-impact-on-ukraine-conflict/articleshow/124548717.cms?from=mdr>

⁵⁹ <https://www.sasdigitaltv.com/articles/5-3466/trump-considers-supplying-2000-tomahawk-missiles-to-ukraine-discusses-plan-with-putin>

⁶⁰ <https://digitaleditionapp.ft.com/i9DX/jnxm4nj0>

⁶¹ <https://www.nytimes.com/2025/10/15/us/politics/tomahawk-missiles-trump-ukraine.html>

The 17 rare earths and its China export restrictions

Rare earth	Uses	Restricted	Type	US Defence
Dysprosium	Permanent magnets, lasers, catalysts, nuclear reactors	4th April	Heavy	Military
Gadolinium	Magnetic resonance imaging contrast agent, memory chips, nuclear reactor shielding, compact discs	4th April	Light	Military
Lutetium	PET scan detectors, superconductors, high refractive index glass, x-ray phosphor	4th April	Heavy	
Samarium	High temperature magnets, nuclear reactor control rods and shielding, lasers, microwave filters	4th April	Light	Military
Scandium	Super alloys, ultra-light aerospace components, X-ray tubes, baseball bats, lights, semiconductors	4th April	Heavy	
Terbium	Green phosphors, lasers, fluorescent lamps, optical computer memories	4th April	Heavy	Military
Yttrium	Ceramics, metal alloys, rechargeable batteries, TV phosphors, high-temperature superconductors	4th April	Heavy	Military
Erbium	Lasers, vanadium steel, infrared absorbing glasses, optical fibers	9th October	Heavy	
Europium	Liquid crystal displays, fluorescent lighting, red and blue phosphors	9th October	Light	Military
Holmium	Lasers, nuclear reactors, catalysts, magnets	9th October	Heavy	
Thulium	Portable X-ray machines, microwaves,	9th October	Heavy	
Ytterbium	Infrared lasers, chemical reducing agent, rechargeable batteries, fiber optics	9th October	Heavy	
Cerium	Catalysts, metal alloys, radiation shielding, water purifier		Light	
Lanthanum	Batteries, optical glass, camera lenses, petroleum refining catalysts		Light	Military
Neodymium	High-strength permanent magnets, lasers, infrared filters, hard disc drives		Light	Military
Praseodymium	Magnets, lasers, pigments, cryogenic refrigerant		Light	Military
Promethium	Nuclear batteries, luminous paint		Light	

Source: <https://energy.virginia.gov/geology/REE.shtml>,

<https://profession.americangeosciences.org/society/intersections/fag/how-do-we-use-rare-earth-elements/>,

<https://www.reuters.com/markets/commodities/what-are-rare-earth-metals-why-are-they-demand-2025-02-26/>,

<https://www.argusmedia.com/metals-platform/newsandanalysis/article/2675124-China-imposes-export-controls-on-rare-earths--update>, <https://www.usgs.gov/media/images/potential-uses-rare-earth-elements-found-marine-minerals>,

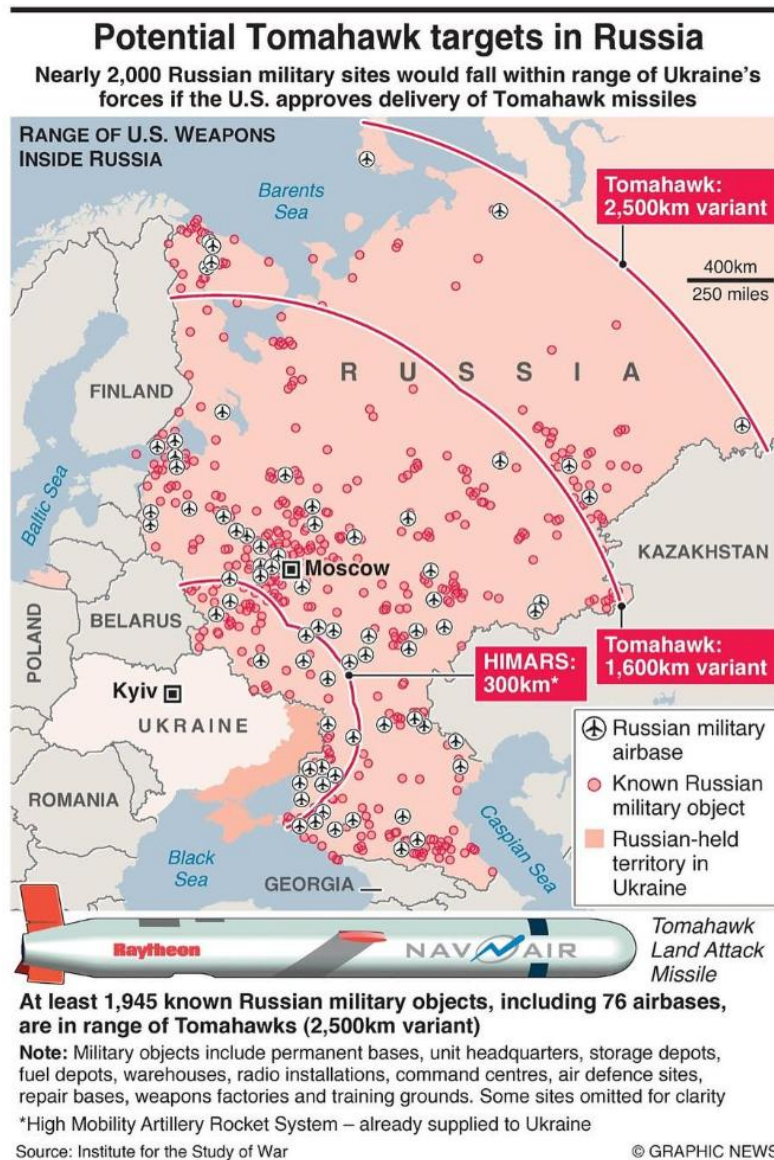
<https://periodic-table.rsc.org/element/61/promethium>, <https://elements.visualcapitalist.com/visualizing-how-rare-earths-power-u-s-defense/>, <https://www.reuters.com/world/china/china-tightens-rare-earth-export-controls-2025-10-09/>,

<https://www.sfa-oxford.com/knowledge-and-insights/critical-minerals-in-low-carbon-and-future-technologies/critical-minerals-in-defence-and-national-security/>

Rare Earths in military use

Equipment	Rare Earths Used (kg)	Application Examples
F-35 Fighter Jet	418 kg	Guided missiles, Lasers used to determine targets
Arleigh Burke DDG-51 Destroyer	2600 kg	Advanced radar systems, Missile guidance systems, Propulsion
Virginia-Class Submarine	4600 kg	Tomahawk missiles, Radar systems, Drive Motors

Source: <https://elements.visualcapitalist.com/visualizing-how-rare-earths-power-u-s-defense/>



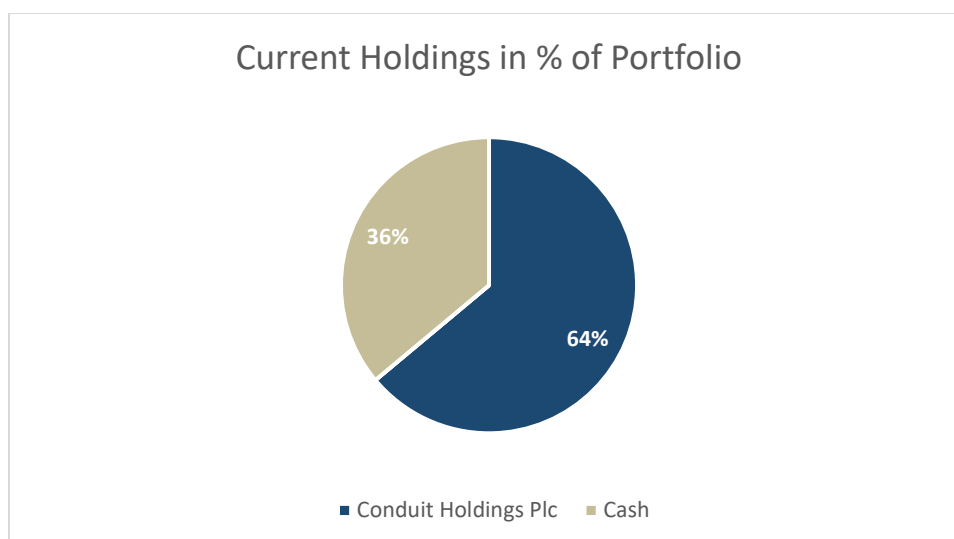
Source: <https://x.com/clashreport/status/1978708853807108117/photo/1>

Performance⁶²

With a 1% return in Q3 2025 compared to 7% of the FTSE All Share TR, I have underperformed the market significantly. I have taken quite a few positions, which didn't work out, such as B&M European Value Retail, Trainline, Reach, Marshalls or Gamma Communications. Other positions, such as Future, RWS, CLS Holdings and Sylvania Platinum, I decided to exit early, making only very small returns. The only position that delivered significantly positive returns is Conduit Holdings. I will describe and summarize what happened to some of the positions in the following part.

Company	Average Purchase Price	Current Market Price	% change
Conduit Holdings Plc	2.91	3.41	17%

As of 30th September 2025



As of 30th September 2025

⁶² all assumptions and observations are based on internal modelling and data analysis. Past performance is not a guide to future performance

B&M European Value Retail (entry note [here](#))

B&M, the value retailer of fast-moving consumer goods and general merchandise, was a very painful position, as just after I took it, Greggs came out with a negative trading update⁶³, leading to a 15% decline in its valuation⁶⁴. Although Greggs is not a direct competitor of B&M, the correlation of the stock price movement is very high, and I use such correlations to time market entries and exits. This time it was particularly difficult to exit B&M, as B&M already saw its valuation drop the month before, and I believed that the good weather could be positive for B&M's general merchandise. Despite showing positive like-for-like growth for the first time in a year⁶⁵, the market seems to have expected even better results and I exited the position shortly afterwards with a -14% return ([here](#)). I thought this might have been a mistake, as the CEO started acquiring shares aggressively⁶⁶. However, a few weeks later, the company provided another negative update⁶⁷. Never before have I seen such misleading insider purchases. I believe with new CEOs that come from a Private Equity background you need to be a bit careful in judging the performance of a business through insider purchases.

B&M European Value Retail SA



Source: Google Finance

⁶³ <https://a.storyblok.com/f/162306/x/8fd7990ae1/greggs-first-half-2025-trading-update.pdf>

⁶⁴ <https://www.fool.co.uk/2025/07/02/what-on-earth-is-going-on-with-the-greggs-share-price/>

⁶⁵ <https://otp.tools.investis.com/clients/uk/bandm1/rns/regulatory-story.aspx?cid=904&newsid=1966038>

⁶⁶ <https://www.bandmretail.com/investors/regulatory-news/search> "CEO Purchase of Shares" in September

⁶⁷ <https://otp.tools.investis.com/clients/uk/bandm1/rns/regulatory-story.aspx?cid=904&newsid=1994333>

Trainline (entry note [here](#))

The macro proposition of buying shares in Trainline, the train & bus booking app, was basically that the UK government will fail with its nationalization of the train network. However, certain events then confirmed that the government is seeking a monopoly of the train system in the UK with the Office of Rail and Road (ORR) rejecting shared access applications on some of the main lines⁶⁸. Initially, I brushed this aside, but it was a network of railway enthusiasts that made me worry about potential problems with Trainline's white label offerings, i.e. the online booking system that they sell to operator (more details in exit note [here](#) (-5%)). The recent trading update⁶⁹ made me again ponder whether it was a mistake to sell the position, as the business travel segment was strong and they boosted their share buyback programme, which gives an equivalent yield of 15% as of 17th October, or 13% after dilution without incurring debt (free cash flow). I consider a re-entry ahead of their interim results on 4th November, but I'm wary of the macro headwinds of the railway nationalization in the UK and require an updated analysis on this topic.

Gamma Communications (entry note [here](#))

Gamma Communications, a cloud communications provider for small businesses, was equally attractive in terms of valuation. This company has all the attributes of a typical compounder, yet trades at only ~10x free cash flow according to my analysis. However, the firm is highly dependent on the UK domestic market, and small businesses are suffering from the increase in minimum wages and national insurance tax⁷⁰. A meeting with the head of investor relations confirmed that they are seeing small businesses switch to cheaper products and are also seeing a general decline in seats (exit note [here](#)). Similar to B&M and Trainline, despite the attractive valuation, I believe the risk of the UK being stuck in the doom loop ([here](#)) is real and the market will continue to price it this way.

⁶⁸ <https://www.orr.gov.uk/search-news/rail-regulator-rejects-west-coast-main-line-applications-due-insufficient-capacity>

⁶⁹ <https://ir.design-portfolio.co.uk/viewer/84/83239>

⁷⁰ <https://www.independent.co.uk/news/uk/politics/rachel-reeves-jobs-tax-national-insurance-budget-b2818684.html>

Reach (entry note [here](#))

Whilst I remain of the view that Reach, the local and national UK tabloid newspaper firm, is a very attractive business, especially when they manage to hedge more of their pension liabilities at current rates, it was the market reaction to Future's most recent trading update that made me cautious, exiting the position ahead of quarter end (exit note to come). Despite meeting its guidance, Future shares were down on the day of their trading update⁷¹. This reminded me of the Greggs-B&M saga noted above, as Future's share price also has a high correlation to Reach's share price. Exiting was the right decision, but the valuation remains attractive, and with next year's football world cup, I believe advertising could recover and lead to a boost in revenue next year. Any positive updates on the pension liabilities or a potential takeover is also possible in the coming months.

Future (entry note [here](#))

I have exited Future a while ago (exit note [here](#)), but re-entered briefly during Q3 making a small positive return. However, I've never been quite comfortable with their new management and a recent investor webinar confirmed this, in my opinion ([here](#)). Future bought a price comparison website, called Go.Compare, from Sir Peter Wood during the pandemic⁷², which turned out to be a great deal when motor vehicle insurance prices surged, and drivers were heavily reliant on finding the best motor insurance deal⁷³. Sir Peter Wood, who has retained a 5% share in Future⁷⁴, has been critical when Future's American CEO abruptly left the firm in 2024⁷⁵ – I believe, because the American CEO had not a lot of knowledge of how the UK car insurance comparison websites work and that was reflected in not spending much on marketing for Go.Compare. When my personal car insurance recently came due, I was amazed how the best deal I got on car insurance comparison website was 1/3 higher priced than if I just stayed with my current provider. This left me concerned about Future's future returns from Go.Compare, as car insurance

⁷¹ https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=1990305

⁷² <https://futureplc.com/investor-results/#archives>

⁷³ <https://www.fca.org.uk/publication/multi-firm-reviews/motor-insurance-claims-analysis-multi-firm-review-2025.pdf>

⁷⁴ https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=1992558

⁷⁵ <https://www.thetimes.com/business-money/companies/article/sir-peter-wood-seeks-to-oust-future-chairman-over-exit-of-boss-vvt2tvk2n>

prices continue falling⁷⁶. However, the company's two £55m share buyback programmes⁷⁷ in one year currently yield 18% on equity with very little dilution and over 12% on enterprise value according to my numbers. If they are able to get a good valuation for Go.Compare, it would make a lot of sense to sell that business in my opinion, eliminate their debt and return cash to shareholders – but the current management gives me little confidence. It might remain one of the cheapest company in the UK (according to my figures) but, I believe, it could just turn out to be a value trap.

Sylvania Platinum

Sylvania Platinum, the South African PGM producer, would have provided me with one of the highest returns in recent years after I bought shares in mid-July. I've done a ton of work analysing this company (see below screenshot from my excel sheet - I got in it myself!), but exited the position pre-maturely due to the US vehicle emissions regulator looking to scrap all emissions regulations for light motor vehicles⁷⁸, which could significantly impact the demand for platinum, palladium and rhodium. It is one of these risks that I took too seriously, but it also reflects my performance this year. I have reacted too quickly to risks that positions could face in light of policy changes (especially from the US), but took the risks from tax hikes (especially in the UK) and the impact it has on the economy not serious enough. It's tough to ignore risks when you have a concentrated portfolio, and it would be a false conclusion to draw. However, I should learn to price this risk more accurately, by comparing it to tailwinds (in this case, supply deficits for platinum and rhodium⁷⁹ and higher platinum jewelry demand in China amidst the gold price rally⁸⁰). At the same time, it might also be that the market misprices this risk, and I'm simply out of synch with the market. Bottom line is that being out of synch with the market is always a bad position to be in, and should only be tolerated in the short-term, i.e. a few weeks, not months.

⁷⁶ <https://www.insurancetimes.co.uk/news/motor-premiums-drop-in-q2-2025-despite-billions-of-pounds-spent-on-claims/1456080.article>

⁷⁷ https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=1972349,
https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=1897474

⁷⁸ <https://www.bbc.co.uk/news/articles/c0mlzz1gy39o>, <https://www.just-auto.com/news/us-epa-proposes-axing-greenhouse-gas-rules-that-apply-to-motor-vehicles/?cf-view>, <https://www.hoganlovells.com/en/publications/epa-proposes-reconsidering-the-2009-ghg-endangerment-finding>

⁷⁹ <https://matthey.com/media/2025/johnson-matthey-publishes-2025-pgm-market-report>

⁸⁰ <https://www.mining.com/web/chinas-platinum-jewellery-demand-revives-after-gold-rally-wpic-says/>

Half of my excel sheet of Sylvania Platinum



Conduit Holdings (entry note [here](#))

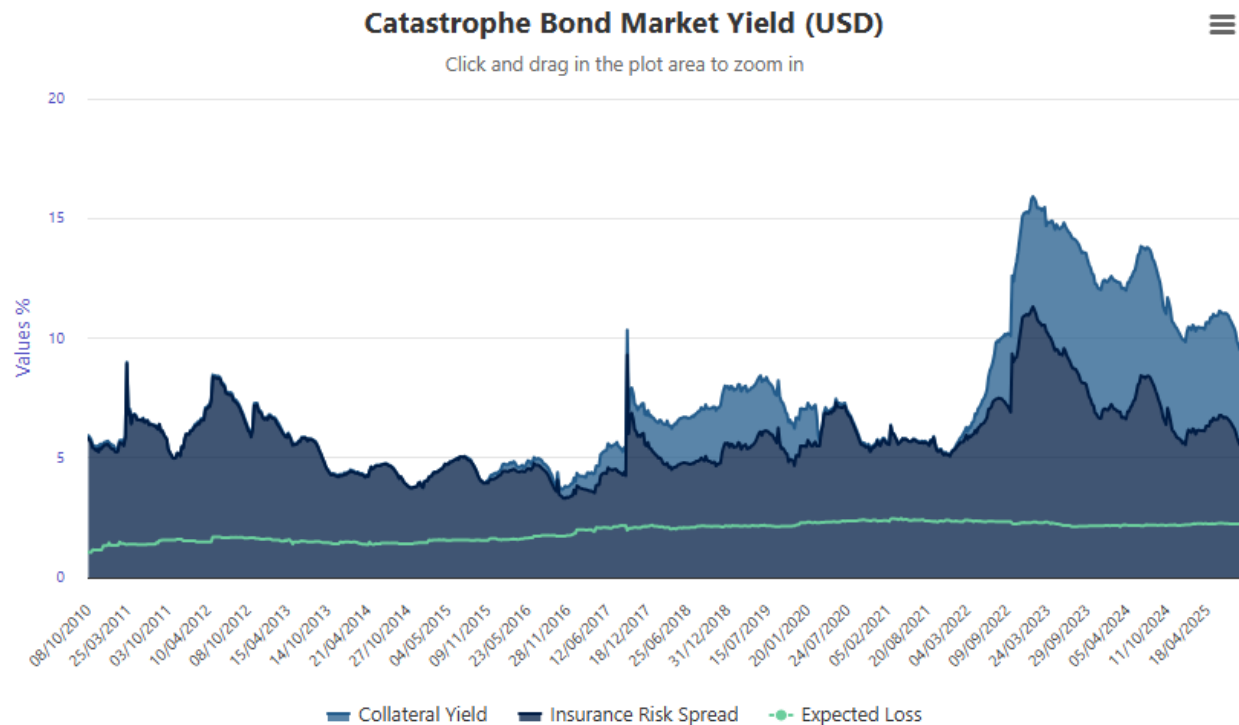
Lastly, a brief comment on Conduit Holdings, the property, casualty and specialty reinsurer. Inclusive dividend I've returned around 20% with the position in just two months, helped by a very benign hurricane season⁸¹. However, a soft hurricane season generally leads to softer natural catastrophe reinsurance pricing. J.P. Morgan estimates that given this year's 5-15% property catastrophe pricing decline after major hurricanes Helene and Milton, the next year's decline could be even steeper if no major catastrophe occurs⁸². The insurance-linked security market has already priced in significantly lower yields in recent weeks, as per the chart below. Accounting for a 20% drop in earnings and a standard natural catastrophe year, I still see Conduit earnings at around \$100m for next year compared to a \$750m valuation. Although I've sold the position after earnings of Travelers, a US based property insurance firm, which dropped in market capitalization despite strong earnings⁸³, I might re-enter the position at a lower price, given that reinsurance demand remains strong⁸⁴.

⁸¹ <https://www.reinsurancene.ws/q325-insured-losses-lowest-since-2006-as-protection-gap-narrows-aon/>

⁸² <https://www.reinsurancene.ws/reinsurance-prices-set-to-decline-further-at-jan-1-as-market-softens-j-p-morgan/>

⁸³ <https://www.investing.com/news/earnings/travelers-beats-estimates-but-shares-fall-3-on-higher-asbestos-charges-93CH-4291898>

⁸⁴ <https://www.artemis.bm/news/hannover-res-es-ruck-sees-catastrophe-reinsurance-demand-rising-ils-opportunity/>



Source: www.Artemis.bm

Source: <https://www.artemis.bm/catastrophe-bond-market-yield/>

Outlook

Overall, this quarter was full of surprises and twists. Either a new risk factor entered into the macro or an idiosyncratic event happened right after I made an investment decision, and even insider buying turned out to be unreliable, such as in B&M⁸⁵. I've also missed some great opportunities in the gold space, as mentioned, such as Altyngold but also recently Capital Limited, where I was either unsure of management and historic issues (Altyngold⁸⁶) or insiders selling shares at an unexpected moment (Capital limited⁸⁷). I'm now focusing on three sectors and began investing in some names: Media (WPP, Future, Reach, S4 Capital), Food (Hilton Food Group, SSP), Insurance (Conduit Holdings, Helios Underwriting, Sabre Insurance) & Technology (Trainline). Finally, when it comes to determining the UK outlook, I'm pessimistic when it comes to government policies. The most recent trading updates confirm weak demand, but oftentimes

⁸⁵ <https://www.bandmretail.com/investors/regulatory-news/search> "CEO Purchase of Share"

⁸⁶ <https://eurasianet.org/bitter-row-knocks-sheen-off-kazakh-gold-company>

⁸⁷ <https://www.capdrill.com/media/investors/Announcements/Capital-Limited-Director-Share-Dealing.pdf>

lowered guidance is expected to be met⁸⁸. **However, there is no other country that benefits more from lower inflation than the UK⁸⁹. And this creates opportunities in UK equities.**

Sincerely,



David Herrmann



⁸⁸ <https://www.londonstockexchange.com/news?tab=news-explorer> I generalize from all the updates I'm reading daily

⁸⁹

<https://www.aozorastep.com/Coherra%20Webinar%2017%20Sep%202025%20-%205%20Year%20Window%20For%20UK%20Equities.pdf> slide 4

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